

Chapter 7
Direct Nonsalary Costs

Direct nonsalary costs (also called reimbursables) are those costs other than payroll and overhead costs which are incurred specifically for a given project. Depending upon the type of contract or agreement, these costs may or may not be billed to the client.

Types of Direct Nonsalary Costs

Types of direct nonsalary costs typically charged to a WSDOT agreement include but are not limited to:

- plan copies
- long distance phone calls
- travel
- subcontract costs
- mileage costs
- subsistence
- equipment rental
- photographs
- contract employees
- computer expense
- photocopies
- faxes
- courier service

Recording Direct Nonsalary Costs

A firm should record direct nonsalary costs separately from overhead costs in their accounting system. Even when a firm does not bill these costs directly to a project, they should be recorded as direct costs. If discovered by the auditor in direct costs, they will be removed, ref: 48 CFR 31.202(a).

Some firms elect to record direct nonsalary costs in their overhead accounts. When this is done, the firm must be able to prove that the overhead accounts are credited for all revenues billed to clients and for all unbilled direct nonsalary costs. Whether or not the firm actually collects on the billings is not relevant.

Audit of Nonsalary Costs

As with other costs, these costs must be properly supported in the records of the organization and traceable to source documentation.

Testing for allowability, reasonableness, and allocability is standard procedure for the auditor.

Developing Charge-Out Rates for Selected Direct Nonsalary Costs

For development of charge-out rates for computer costs, computer assisted drafting and design equipment, copy machines etc., see Chapter 13.

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